Strategy Research Project

EXERCISING THE MONROE DOCTRINE IN CHINESE-INFLUENCED PANAMA

BY

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USAWC CLASS OF 2011

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REPORT DOCUMENTATION PAGE

Form Approved
OMB No. 0704-0188

Public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing this collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden to Department of Defense, Washington Headquarters Services, Directorate for Information Operations and Reports (0704-0188), 1215 Jefferson Davis Highway, Suite 1204, Arlington, VA 22202-4302. Respondents should be aware that notwithstanding any other provision of law, no person shall be subject to any penalty for failing to comply with a collection of information if it does not display a currently valid OMB control number. **PLEASE DO NOT RETURN YOUR FORM TO THE ABOVE ADDRESS.**

1. REPORT DATE *(DD-MM-YYYY)*	**2. REPORT TYPE**	**3. DATES COVERED** *(From - To)*
23-03-2011	Strategy Research Project	

4. TITLE AND SUBTITLE
Exercising the Monroe Doctrine in Chinese-Influenced Panama

5a. CONTRACT NUMBER

5b. GRANT NUMBER

5c. PROGRAM ELEMENT NUMBER

6. AUTHOR(S)
Colonel Robert M. Balcavage

5d. PROJECT NUMBER

5e. TASK NUMBER

5f. WORK UNIT NUMBER

7. PERFORMING ORGANIZATION NAME(S) AND ADDRESS(ES)
Colonel Kevin Richards
Department of National Security & Strategy

8. PERFORMING ORGANIZATION REPORT NUMBER

9. SPONSORING / MONITORING AGENCY NAME(S) AND ADDRESS(ES)
U.S. Army War College
122 Forbes Avenue
Carlisle, PA 17013

10. SPONSOR/MONITOR'S ACRONYM(S)

11. SPONSOR/MONITOR'S REPORT NUMBER(S)

12. DISTRIBUTION / AVAILABILITY STATEMENT
Distribution A: Unlimited

13. SUPPLEMENTARY NOTES

14. ABSTRACT

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The Panama Canal is the most strategic piece of terrain in the Western Hemisphere. After the U.S. turned the canal over to Panama, and reduced its presence, it ceded its territorial and lost influence in Panama to Chinese soft power. China quickly seized the opportunity to gain access to the ports on each end of the Panama Canal along with the containers and warehousing. China now has strategic geographic and diplomatic leverage over the United States that it could use to the disadvantage of the U.S. in the future.

The U.S. should counter China's influence in our most strategic terrain, applying American soft power with Panama through a whole of government approach to counter the growing drug trade and corruption, complete the 2007 Free Trade Agreement, expand educational opportunities, and clarify the U.S. right to secure the Panama Canal if deemed a threat to U.S. national security.

15. SUBJECT TERMS
China

16. SECURITY CLASSIFICATION OF:			**17. LIMITATION OF ABSTRACT**	**18. NUMBER**	**19a. NAME OF RESPONSIBLE PERSON**
a. REPORT	**b. ABSTRACT**	**c. THIS PAGE**			**19b. TELEPHONE NUMBER**
UNCLASSIFED	UNCLASSIFED	UNCLASSIFED	UNLIMITED	24	*(include area code)*

USAWC STRATEGY RESEARCH PROJECT

EXERCISING THE MONROE DOCTRINE IN CHINESE-INFLUENCED PANAMA

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ABSTRACT

AUTHOR: Colonel Robert M. Balcavage

TITLE: Exercising the Monroe Doctrine in Chinese-Influenced Panama

FORMAT: Strategy Research Project

DATE: 23 March 2011 WORD COUNT: 5,011 PAGES: 24

KEY TERMS: China

CLASSIFICATION: Unclassified

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EXERCISING THE MONROE DOCTRINE IN CHINESE-INFLUENCED PANAMA

While stationed at Fort Polk, Louisiana, I bought a M4 rifle from a local soccer coach. During our transaction, John, the soccer coach and son of a U.S. diplomat, told me he had spent nearly his entire life in Panama. Remembering the signs of a growing Chinese population when I trained in Panama in 1999, I asked John if the population of Chinese had continued to expand. He replied, that, in fact, the Chinese population had grown so large that native Panamanians were beginning to become squeezed out of their port jobs by the burgeoning Chinese. John said that he thought there was a possibility of future Panamanian-on-Chinese violence as the Chinese population competed with locals for jobs, and emigrants' wealth grew at the expense of the locals.

At that time, I unwittingly, formed the thesis for my Strategy Research Project: How does the United States exercise the Monroe Doctrine in post-1999 Panama? If violence resulted from a competition for power in Panama, what position would the United States take toward the belligerents, especially if those belligerents were Chinese? Does the Chinese presence in Panama provide a window of opportunity to position troops or material within striking distance of the United States, and if so, what actions should the U.S. take to check Chinese power in our backyard at that critical chokepoint? In a worst case scenario, China could potentially leverage its position of Panama Canal shipping control against the U.S., with significant economic impact on the U.S. and global economies. Should the U.S. apply the Chinese approach, the indirect approach, through American soft power to regain its influence on one of its most important hemispheric partners?

The presence of Chinese in Panama is not a recent phenomenon. Chinese immigrants are first recorded to have arrived in Panama in the mid-1800s[1] to work on the Panama Railroad and later on the construction of the Panama Canal in support of both French and American construction teams. Panamanian Chinese were considered outsiders although they managed to establish over 6000 small businesses within Panama City in the early 1900s. Panamanian Chinese citizenship was challenged in the early 1900s[2], and not formalized until 1946[3]. The Chinese population surged in the late 1990s as workers emigrated to Panama, employed on new Chinese investment projects and supporting services in Panama Canal Zone. Today, approximately 175,000 Chinese live in Panama, many of them diasporic Chinese, sending wealth back to family in mainland China.[4]

The Monroe Doctrine was signed into law in 1823[5] by President James Monroe in order to exert the position that the United States would not tolerate further colonization by European powers in the Western Hemisphere. Additionally, the U.S. agreed not to seize existing European colonial possessions unless they threatened U.S. national security.[6] Since the initiation of this doctrine, U.S. presidents have invoked modifications of this decree against foreign influence: Theodore Roosevelt in 1905, John F. Kennedy during the Cuban Missile Crisis in 1962, and Ronald Reagan during the liberation of Grenada from Communist revolutionaries in 1983. Expanding on the tenants of the Monroe Doctrine, the U.S. has also asserted its regional interests by way of The Good Neighbor Policy of 1933.[7] U.S. presidents have historically and deliberately asserted their regional stewardship to check a perceived threat to U.S. interests with effectiveness. None of these efforts have been purely altruistic; each

assertion has been made in support of U.S. economic or security interests. It is time, once again, for the U.S. to assert its position, especially given China's encroachment on the most strategic piece of terrain in the Western Hemisphere.

Why is Panama Still Important?

The Panamanian Isthmus is the most strategic piece of terrain in the Western Hemisphere. Until the Northwest Passage thaws to the point where it no longer restricts maritime traffic, the Panama Canal is the shortest nautical distance between the Atlantic and Pacific Oceans. Panama offers Asian markets faster access to the east coast than the U.S. intermodal system, and it provides the U.S. Navy a faster route to shift forces from one fleet's area of responsibilities to the other. According to the U.S. Embassy in Panama, "over 60% of the 14,000 ships that pass through the Canal each year travel to or from U.S. ports," and approximately "150 U.S. warships transit the Canal annually."[8]

At the same time, as the most narrow piece of terrain between North and South America, Panama is the neck of the narcotics funnel that feeds into the United States. Less than 50 miles wide in some areas, Panama's Darien forest is the location of the only break in the Pan American Highway and has become a refuge to narco-terrorists who have found a ground alternative to the heavily patrolled waters off of Panama's coast. No other single piece of terrain in the Americas is so significant to global markets. Recognizing the value to U.S. economic and security interests, Theodore Roosevelt, a student of Alfred Thayer Mahan, 'assisted' Panama in seeking its independence from Columbia in 1903. Since then, many Panamanians resent what they perceive to be a paternalistic attitude of the U.S. toward Panama, though those feelings have abated somewhat since the transfer of the canal. Given the strategic

importance of Panama and its canal, the United States must remain actively engaged with that country, their security, and its people.

As a result of the 1977 Carter-Torrijos Treaty, 95 years of U.S. military presence and control of the Panama Canal Zone ended in 1999. Along with departure from the Canal Zone, the U.S. shuttered its military bases – several Army posts, an air base, and two deep-water ports. The reduction diminished U.S. visibility of the drug trade enroute to the U.S., diminished U.S. security presence, and resulted in less interaction with the Panamanian populace. While the United States maintains an embassy in Panama, U.S. presence is a shadow of its former self. Nonetheless, Panama, and its canal, remain vital to U.S. interests:

> Because of its key geostrategic location and role in global trade, Panama is vital to the prosperity and security of the United States. We wish to see Panama as a secure, prosperous, and democratic country that continues to view the U.S. as its partner of choice.
>
> —FY 2012 U.S. Embassy in Panama Mission Strategic and Resource Plan

Panamanian Control of the Canal

In 1964, U.S. students unwittingly precipitated a clash between U.S. and Panamanian citizens by refusing to raise the Panamanian flag at their high school in Balboa. This act was merely a show of childish irreverence. Unfortunately, Panamanians who rushed to voice their dissent were, by fate, entangled with another group who gathered near the school to protest labor rights. The resulting counter-demonstration by Panamanian citizens led to four days of bloody violence that swept the country and that compelled the Johnson Administration to begin negotiations with the Panamanian government to coordinate the transfer of the canal to Panamanian control.[9] While Johnson made little actual progress, his administration developed the

initial language of the treaty, which was further developed over the Nixon and Ford presidencies and brought to fruition during the Carter administration.

President Jimmy Carter began the reduction of U.S. influence in the Canal Zone by signing two treaties on the determination of the Panama Canal in October, 1977, with Panama's Chief of Government, Brigadier General Omar Efrain Torrijos.[10] The first treaty dealt with the operation and defense of the canal through December 31, 1999,[11] and the second treaty 'guaranteed' the permanent neutrality and operation of the Panama Canal.

The U.S. directly intervened in Panama in 1989, invading the country in order to institute regime change following ample evidence depicting Panamanian President General Manuel Noriega as a narco-terrorist who challenged U.S. security interests. Following Operation Just Cause (1989), Panamanian security was in limbo; a stable post-Noriega president didn't take office until 1996, with the Ernesto Pérez Balladares presidency. U.S. influence in Panama dwindled throughout the 1990s with anticipation of the 1999 transfer of control. The U.S. maintained its embassy, but closed its bases and withdrew its forces. Meanwhile, President Balladares ushered in an era of free market policies that encouraged foreign investment and growth, and the Chinese moved rapidly during this stability gap to seize the strategic economic opportunity to control critical ports, shipping container storage, and canal shipping.

As a result of the Carter-Torrijos treaties of 1977, the United States ceded control of the Canal Zone to Panama in 1999.[12] The Panama Canal Authority (ACP), an autonomous agency of the Government of Panama now manages, operates, and maintains this thoroughfare. The ACP's authority is granted through Panamanian

organic law and the regulations approved by its Board of Directors.[13] Despite fears from U.S. lobby groups, transit time through the canal has actually increased, and the canal has not only continued to be well maintained by the ACP, but is prepared to open a third lock capable of safely passing U.S. and foreign aircraft carriers and all modern cargo ships by 2014. Panama should see a quadrupling of its revenues from the expanded canal;[14] U.S. support and engagement should influence whether that windfall is used to support the needs of Panama's growing poor and address its security shortfalls. Lack of positive U.S. oversight and assistance may result in increased governmental corruption, and corresponding popular unrest and insecurity.

The canal expansion should benefit the U.S. economically and militarily. Higher capacity ships will be able to make more frequent and faster transits through the expanded canal. Currently, U.S. shipping from the Far East gets backlogged at Pacific Coast ports while they offload. Asian goods bound for the East Coast, often transit the U.S. intermodal network, adding time and fuel costs to their transport, ultimately raising the cost of those goods. The expanded canal, capable of accommodating more traffic, and larger vessels, called Post-Panamax ships (capable of three times the capacity of the largest current canal transiting ships), should positively impact trade between the U.S. and Asia, and correspondingly benefit Panama through increased tariff revenues. Militarily, the U.S. will soon be able to move its aircraft carriers through the canal, by-passing a 24-day detour around the Cape of South America. This 48-mile passage through a country little more than a 100 years old is economically and militarily strategic for the United States, and correspondingly important to U.S. adversaries.

China in the Former Canal Zone

Since 1999, China has capitalized on the commercial benefit of owning the companies who manage the container shipments for the ACP. By controlling both the container movement (directly), and the containers (indirectly) China can at least influence what does or does not move through the locks. Chinese Overseas Shipping Company (COSCO), a Chinese state-owned business, and the 6th largest shipping company in the world,[15] provides the bulk of shipping containers used for transfer in the Panama Canal. Hutchinson Port Holdings (HPH), based in Hong Kong, and owned by Li Ka-shing, hold the contract for terminal operations through its subsidiary, Hutchison Whampoa (HW), at both ends of the Panama Canal. While Li Ka-shing has no-doubt profited as a capitalist, he has also been alleged to support the People's Liberation Army of China.[16] Ka-shing's HW won a twenty-five year contract in 1998 to store, move, and transfer shipping containers that transit through the canal. HW could easily move and store military material through their own commercial ships to potential prepositioned sites for future use, without scrutiny from customs inspections. It is also possible that HW could turn a blind eye to the movement of drug traffic north over or around the canal. The dominant presence of a world power in the most strategic terrain in the Western Hemisphere is a threat to U.S. security, even though aggressive military action by China is currently inconceivable.

Control of the Panama Canal's ports is both profitable and strategic. Hutchinson Whampoa operates the container terminals of Port Cristobal on the Atlantic side of the Panama Canal, and Port Balboa on the Pacific coast.[17] China gains access to Venezuelan oil through the Pacific, while the Atlantic side offers China access to Columbian resources. Chinese investment in Latin America has grown substantially

over the past 20 years and should see sustained growth with expansion of the Panama Canal. Venezuela, one of China's largest oil exporters, supplies China with 362,000 barrels of oil per day.[18] The canal improvements should only increase Venezuelan supplies of oil to China alleviating some of Venezuela's dependence to generate state revenues through crude sales to the United States. Today, Chinese secure 600,000[19] barrels of oil a day from Latin America, where China places few demands on its hosts to safeguard human rights, or the crackdown on narcotics trade – unlike the United States.

In accordance with the 1977 Torrijos-Carter Treaty, the U.S. retained, by agreement, the authority to assume control of the canal if U.S. security interests were jeopardized. The United States worked with the Government of Panama (GOP) to fashion the Panama Canal Authority (ACP), the sole Panamanian agency charged with operating, maintaining and improving the Panama Canal. In 1997, Panama solicited bids for a contractor to run each of its port facilities. Following the award of port operations to Hutchinson Whampoa, Panama passed what became known as Law Number 5, giving HW first right of refusal to shipping through the Panama Canal. The passage of Law 5 does not specifically mention the United States' commitment to secure the canal zone, leaving a potential conflict of interest between the United States' right to secure the canal in support of U.S. security, and Chinese-affiliated HW's right to control shipping in support of their private interests.

China maintains a low profile presence in Central America and in particular, Panama, asserting that it has no interest in the internal affairs of its trading partners.[20] This is consistent with Chinese philosophy of strategic patience and long-term world-view. However, China is at odds with Panama over one of China's own most

contentious issues, Taiwan, since Panama recognizes Taiwan's claims of sovereignty and hosts an embassy in Panama. For all of its economic investment, it is surprising that China does not have an embassy in Panama, while Panama maintains diplomats in both China (in three cities) and in Taiwan.[21] Interestingly, this relationship also offers Panama a bit of leverage in its relationship with both China and the United States, allowing Panama to play its own 'Taiwan card' if necessary.

Chinese influence and occupation in Panama pose three significant threats to U.S. security. First, Hutchinson Whampoa, acting as an agent of China, could potentially slow or impede U.S. trade or military maritime movement through the Panama Canal. In a worst-case scenario, China could potentially leverage canal shipping control against the U.S., with significant economic impact on U.S. domestic and international trade. Second, because China has so much control over shipping in the Canal Zone, it is possible, that China could import, conceal, assemble, and if prompted, launch rockets capable of impacting the continental U.S. from Panama. Finally, again because of China's dominant role in the canal's operations, even if by omission, Chinese companies could be supporting the narcotics trade through Panama that eventually threatens U.S. domestic security.

U.S. National Interests in Panama Today

The United States refers to Panama in the May 2010 National Security Strategy. U.S. interests in Panama are based on three pillars: (1) security of the Panama Canal, (2) preservation and advancement of democratic governance, and (3) vigorous trade and investment relationships. Given our failure to pass a three year-old Free Trade Agreement with Panama, the growing threat of violence along the United States border

with Mexico, and U.S. ongoing tension with Venezuela, one might assume that the United States' primary focus in Central America is not the country of Panama.[22]

While the United States no longer controls the Panama Canal Zone, sustaining free trade and uninhibited passage are important to U.S. shipping and commerce. The canal's role with regard to U.S. trade is growing and is expected to increase with the expansion of the canal to accept super container ships by 2014.[23] The United States relies on the canal for a two-way sea-route for all, and while its carriers will not be able to transit the canal until completion of construction of the third canal in 2014, the U.S. has already demonstrated a capability to rapidly seize the Panama Canal, if necessary. But free passage through the canal extends U.S. global reach and prevents the U.S. Navy from being geographically split. U.S. diffidence to the growth of Chinese control of ports signals our lack of attention or perhaps over-commitment elsewhere in the world that invites a threat to our southern flank.

Another near-term security threat to the United States in Panama is the potential export of terrorism to the U.S. by way of the narco-vectors. Venezuelan President Hugo Chavez's bellicose rhetoric and his demonstrated relationships with known anti-democracy actors (Iran, North Korea, China, and Russia) threaten stability in the region. While overt aggression from Venezuela would certainly be illogical, state-sponsored terrorism to threaten the locks and ultimately our passage of the Canal Zone could potentially pull the United States into one more conflict than we are prepared to absorb. With the Revolutionary Armed Forces of Columbia (FARC) already threatening Panama's remote and densely forested Darien Province, Venezuelan-sponsored terrorists threats to the canal (which would impact the U.S.) are not hard to conceive.

U.S. containers could conceivably be delayed or charged a higher tariff by the Chinese as a potential sanction against U.S. intent or action (aggression against Iran or Venezuela, support of Taiwan, etc.) closely affiliated with the Chinese military. Interestingly, while the Chinese quickly won the bidding to operate the lucrative container business in 1998, a Chinese firm is not among those constructing the new waterways due for completion in 2014. This may indicate a Chinese decision to allow other commercial powers to expend their capital while China saves its capital for investment in future container operations that should sprout with the development of the enlarged canal.

While the Carter-Torrijos Treaties of 1977 granted the United States the authority to defend the Panama Canal if required for our national interests, the presence of significant Chinese port control and Chinese in Panama preclude overt or covert U.S. involvement without provoking a Chinese reaction. The U.S. must develop a strategy that re-asserts the principles of the Monroe Doctrine, acknowledging that we may need to cede something (recognition of Taiwan?) in return for increased presence in the Panama Canal Zone to do it. By positioning itself in strategic terrain, while U.S. interests are clearly focused on the Mid-East, China has positioned itself to exert military or economic leverage, if necessary.

It is ironic that while the United States owes significant financial recompense to China in loans, by giving up the Canal Zone we have essentially forfeited capital to Chinese-owned companies funding our largest creditor, China. While the economic relationship between the creditor (China) and the debtor (U.S.) is symbiotic, at present,

China's bottomless appetite for resources may prove the loss of control of the Panama Canal to be not only militarily, but economically, regrettable.

Updating the Monroe Doctrine

The United States should augment the 1977 Torrijos-Carter Treaty with a formal policy and increased diplomatic, informational, and economic engagement that preserve the internationally recognized U.S. rights of first passage through the Panama Canal, and that account for the impact of growing foreign presence on the overall security of Panama and corresponding impact on U.S. interests. This assertion should be coordinated with the Panamanian government and timed to occur with the passage of the Panama Free Trade Agreement and increased investment in education and security assistance (in particular, training of frontier and counter-narcotic police forces).

The U.S. should increase its pressure on Panama to demonstrate transparent governance through diplomatic engagement, increase its military assistance and presence through military training exchanges, increase our efforts to ensure a stable Panama through increased educational assistance and ratify the 2007 Panama Free Trade Agreement in order to improve relations with the GOP and to set conditions for greater U.S. trade and investment in Panama. Finally, the U.S. cannot afford to leave Panama Law 5 unchallenged; the U.S. must assume that China will use its physical proximity to the canal as a point of leverage against Taiwan's sovereignty or other emergent situations.

Increase Education Assistance

Panama's income distribution gap continues to widen as the largely uneducated indigenous and local population lack the education and skills to compete in an increasingly technical and service-oriented economy. Increased educational

opportunities would prepare Panama's domestic population for employment commensurate with the most likely needs of the future economic picture and could potentially preclude the loss of jobs to imported labor. The 2012 Panama Mission Strategic Resource Plan requests additional funding to support educational scholarships for Panamanian students to the United States.[24] The effect of this initiative should be to inculcate Panamanian students with U.S. values, to help spur economic growth in Panama, to maintain popular sentiment toward the U.S., and to potentially work toward closing the income distribution gap. An indirect effect is that Panamanians can contrast the positive impact of U.S. investment with the lack of Chinese investment in Panamanian institutions. The greatest impediment to success in sending students to the U.S. to study is English fluency, most prevalent in Panama's poorest areas. In addition to the U.S. Peace Corps efforts to improve societal conditions (food, water, education, and power),[25] United States Agency for International Development (USAID) must find opportunities to increase English literacy and general educational opportunities to those in Panama who are most in need. This investment in the short run, will result in increased security by way of better economic growth and less corruption in the long run.

Counter Narco-Traffic and Narco-Terror

Narco-traffic and associated crime (the national murder rate doubled between 2006 and 2009)[26] are on the rise in Panama as counter-narcotic operational successes in other areas of Latin America squeeze the trade through the lightly patrolled Darien Gap that borders Columbia. The replacement of U.S. military occupation by Chinese commercial interests decreases U.S. influence and leaves the region more susceptible to drug trafficking. According to the SOUTHCOM Commander's 2010 Posture

Statement, “more drugs were interdicted in Panama last year [2009] than any other country in Central or South America, to include Mexico, and over half of Panama’s crimes are drug-related.”[27] The illegal drug trade from Columbia through Panama, challenges the legitimacy of Panamanian politics, and increases the threat of narco-terrorism transiting through Panama to the United States.

Panama no longer fields an army (abolished following the U.S. Invasion of Panama in 1989), and has few maritime forces. The country relies on The People’s Public Force, few ships, and a reluctant ‘Frontier Force’ for domestic and national defense. The Frontier Force has a limited effect in the densely forested and lightly policed Darien region of eastern Panama. The dearth of security in the Darien facilitates regional drug trade and threatens the region with corruption and narcotics-related violence. With nearly all of the world’s cocaine produced in the South America’s Andean Ridge, and approximately 60% of that flowing northward through Panama, through Mexico and into the United States, the significance of the rapid flow of drugs through the bottleneck of Panama’s land routes is clear. The U.S. must assist Panama in securing the Darien, reducing the terrestrial transshipment of drugs, and preventing the spiraling impact of drug-related crime, corruption, and violence. The positive impact of this increased security investment is a less corrupt, more stable and secure Panama that supports free trade, invites increased U.S. investment, and favors development of human rights.[28] As stability increases, and trade restrictions are (eventually) dropped, economic transactions between the U.S. and Panama should increase, improving U.S. prestige and influence in Panama and the region.

Currently, Panama continues to support SOUTHCOM's existing PANAMAX, UNITAS and FUERZAS COMMANDO exercises and agrees to police partnership training, but these exercises are not significantly impacting the transshipment of drugs by land through Panama. The 2012 Panama Strategic Resource Plan asks for only four additional DEA agents and does not address additional support to policing the Darien, which the same report acknowledges is the most dangerous area in Panama. Instead the plan cites a need, "to concentrate Panamanian and U.S. resources and law enforcement assets towards the goal of pushing drug trafficking off-shore, and out of Panama's territorial waters."[29] United States Southern Command (USSOUTHCOM) can address its security needs now and reap the peace dividends of the west Asian conflicts. USSOUTHCOM should leverage un-committed forces, from the available pool, for military engagements and training in the Darien in order to strengthen Panama's Frontier Forces and deter ground narcotic shipments. This is a win-win scenario for the U.S. Department of Defense who can address the need of a combatant commander by training the Frontier Forces, expand the scope of the U.S. military's environmental training, and decrease the eventual demand on U.S. training centers. Increased training with the Frontier Forces in the Darien should achieve the U.S. Embassy's intent of, "pushing drug trafficking off-shore," where combined Panamanian and U.S. maritime forces with support of overhead surveillance assets, can more effectively interdict narco-traffic.

Ultimately, the U.S. desires a Government of Panama with the capacity to effectively protect its ports and borders in order to maintain territorial sovereignty, while actively interdicting and limiting the transshipment of illegal drugs, weapons or cargo to

or from the United States and its regional partners. But given the shift of the drug trade to Panama's isthmus from the surrounding seas, the U.S. must assist the GOP to build security partnerships now, before narco-traffic devolves into yet another insurgency for U.S. forces to confront.

Pass the Panama Free Trade Agreement (FTA) Now

Domestically, the U.S. has economic interests in Panama, the fastest growing economy in Latin America and the fourth largest Latin American economy overall. Panama desires a Free Trade Agreement with the United States. That Free Trade agreement would serve to liberalize the trade of goods and services between the U.S. and Panama.[30] Stalled for three years, it appears the U.S. is finally moving to ratify the agreement. "If approved, the agreement will grant U.S. firms ready access to the Panamanian market and the chance to compete in selling everything from heavy equipment to engineering services in a market that has reached annual growth rates above 8% in recent years."[31] According to a study done by the U.S. Chamber of Commerce, "U.S. exports would grow at an annual rate of 25 percent if the trade agreement is approved, compared to 16.5 percent if a trade agreement is not reached."[32]

The FTA would give U.S. firms, farmers, and investors access to untaxed trade with Panama, making U.S. goods and services more competitive with international competition. The expansion of the Panama Canal will draw larger ships through the passage and eventually to ports along the U.S. Gulf Coast, benefitting an economy that has recently been wracked by an oil spill and a recession. Additionally, passing the FTA is important for competitiveness, as the U.S. continues to lose ground to economic investment from China, Taiwan, and other neighbors. Addressing the increased

Chinese investment in Latin American resources, Columbian President Santos recently said, “Asia is the new motor of the world economy.”[33] This line of thought, whether perceived or real, can quickly become an economic anchor to trade growth between the U.S. and its southern neighbors. The U.S. must act quickly before their important influence in the most strategic terrain in the Western Hemisphere is lost.

The U.S. Must Protect its Influence and Interests in Panama

With operations in Iraq due to terminate in December 2011, and the U.S. security commitment to Afghanistan transitioning to a supporting role, the U.S. should move now to assert its interest in being a significant player in its own hemisphere. While the U.S. has committed to wars in Vietnam, Eastern Europe and the Middle East, the message the world surely receives is that for the U.S., Central and South America are a sideshow, to be engaged sparingly, unless dramatic and undeniable threats to the continental U.S. spur the leviathan to action. The U.S. can no longer afford to be purely reactive in Central America, particularly in Panama. SOUTHCOM, as a part of a whole of government approach, should continue directing U.S. military forces to assist governments and Panamanian Public Forces (PPF) in the region to face these threats within their borders by training partner nation forces to lead the fight against narco-traffickers and terrorists. The U.S. should act now to provide planning assistance and advice to regional security forces, support the PPF with nonlethal equipment, aviation support, intelligence gathering, reconnaissance and surveillance support, and assistance with command & control systems. Additionally, USG should help the GOP develop human rights policy and programs, and sponsor multinational counter-drug and counter-terrorism training exercises.

Asian pursuit of Latin American resources will expand over the next half-century as Pacific Rim countries surge to sustain a ballooning population. Latin American narco-traffic is likely to continue at its present rate, threatening the stability created in Latin America over the past 20 years. International terrorist organizations are likely to use the narco-traffic vector to spread instability through Central America and into the United States and Canada. Some will say that given the recent unrest in the Middle East, the best the United States can do in its foreign relationships is to stand out of the way.[34] This view is too simplistic and ignores success already laid in Latin America through diplomatic, economic, and military engagement. The United States must stay actively plugged into its neighbors in Latin America and in particularly, Panama. If the U.S. wants to be perceived as Panama's "preferred partner"[35] it should act now to increase its engagement with this important ally, and to counter China's influence with American soft power. No country's attitude toward the U.S. is a greater bell-weather of U.S. attitudes in Central America, and to lose a dominant position of influence in Panama to other-hemispheric powers, could portend an even greater loss of influence in our own backyard, and subsequent diminishment of international credibility.

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